

Q2 2013



City of Carson Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Carson In Brief

Receipts from Carson's April through June sales were 35.6% higher than the same quarter one year ago but reporting aberrations skewed the data. With anomalies removed, actual sales were up 16.3%.

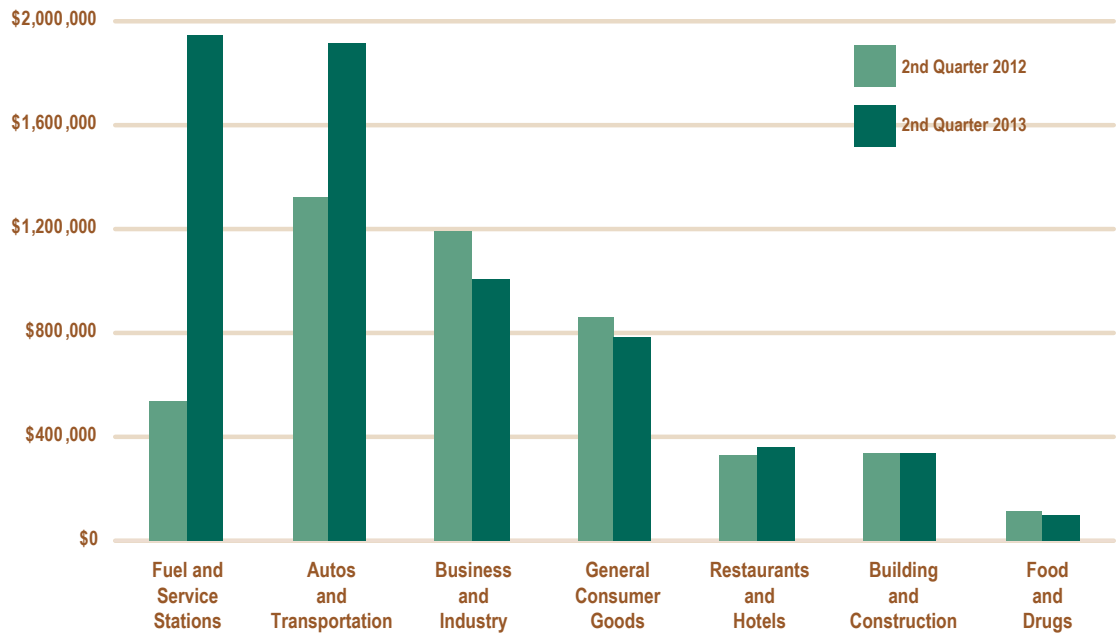
A new business addition and one-time payments that temporarily depressed last year's allocation boosted fuel and service station results and were primarily responsible for the city's current quarter overall increase. The correction of a prior period misallocation error buoyed autos and transportation group revenues despite lower new car sales.

A recent eatery opening and higher net sales lifted receipts for all restaurant categories. A larger allocation from the countywide use tax pool further contributed to the gain.

The gains were partially offset by declining sales from the drugs/chemicals sector which negatively impacted overall business and industry group revenues while accounting adjustments hampered general consumer goods receipts.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.7% over the comparable time period, while the Southern California region as a whole was up 5.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Amerigas Propane	Ikea
Arco AM PM	Lakeshore Learning
Arco AM PM Smog Pros	Materials
Arco Material Supply	Los Angeles Truck Centers
BP West Coast Products	McJunkin Red Man
Car Pros Kia	Ondeo Nalco
Carson Honda	Penske Truck Leasing
Carson Nissan	Perfect Fit
Carson Toyota	Rapid Gas
En Pointe Technologies	Rhodia
HD Supply Repair & Remodel	Sears
Herbalife	Target
Home Depot	Win Hyundai

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$4,703,293	\$6,457,817
County Pool	553,937	675,273
State Pool	4,715	4,439
Gross Receipts	\$5,261,944	\$7,137,529
Less Triple Flip*	\$(1,315,486)	\$(1,784,382)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

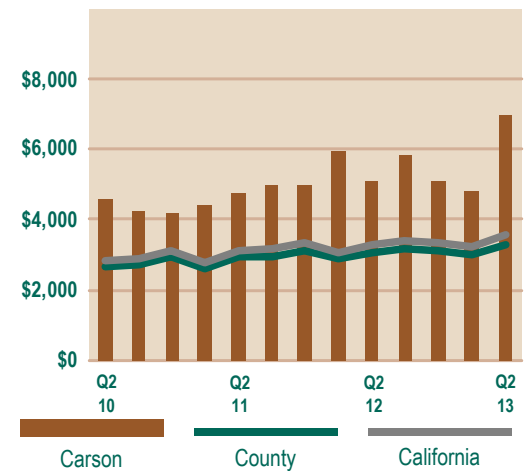
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

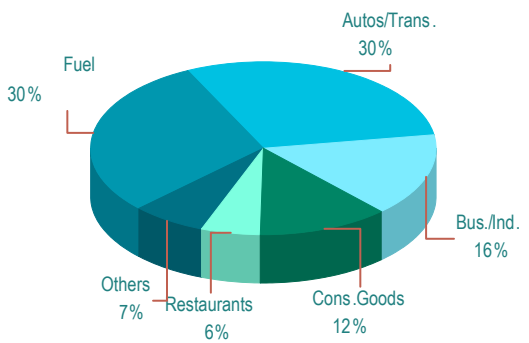
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Carson This Quarter



CARSON TOP 15 BUSINESS TYPES

Business Type	Carson		County	HdL State
	Q2 '13*	Change	Change	Change
Contractors	101.9	8.9%	9.2%	5.4%
Discount Dept Stores	206.4	-0.6%	2.5%	2.3%
Drugs/Chemicals	331.4	-41.4%	-5.1%	8.7%
Fuel/Ice Dealers	95.6	129.0%	47.4%	35.6%
Home Furnishings	202.5	4.2%	4.3%	6.8%
Light Industrial/Printers	129.8	79.0%	2.8%	9.2%
Lumber/Building Materials	182.7	-1.0%	-7.2%	-4.4%
New Motor Vehicle Dealers	926.4	-7.9%	6.8%	11.1%
Office Supplies/Furniture	98.7	6.0%	8.4%	-11.7%
Petroleum Prod/Equipment	248.0	na	9.7%	-3.0%
Restaurants No Alcohol	247.1	5.0%	5.7%	5.9%
Service Stations	1,599.6	232.6%	-5.8%	-5.7%
Specialty Stores	142.0	8.7%	3.0%	5.1%
Trailers/Auto Parts	102.5	1.0%	-3.0%	13.1%
Transportation/Rentals	797.6	368.0%	38.8%	40.5%
Total All Accounts	\$6,457.8	37.3%	6.4%	7.0%
County & State Pool Allocation	679.7	21.7%		
Gross Receipts	\$7,137.5	35.6%		<i>*In thousands</i>